Government of
Saskatchewan

Saskatchewan Finance

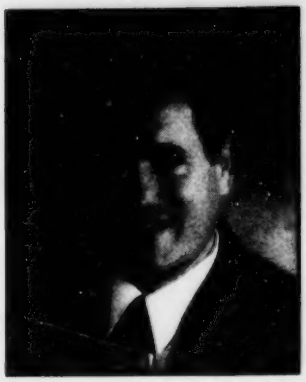
Annual Report

1999-2000

Accountability begins with people...

101-00902/

Letters of Transmittal



Her Honour The Honourable Dr. Lynda M. Haverstock
Lieutenant-Governor
Province of Saskatchewan

May it please Your Honour

I respectfully submit the Annual Report of Saskatchewan Finance for the fiscal year ending March 31, 2000.

Eric Cline
Minister of Finance
October 27, 2000

The Honourable Eric Cline
Minister of Finance

Dear Sir:

I have the honour of submitting the Annual Report of Saskatchewan Finance for the fiscal year ending March 31, 2000.

Respectfully submitted,

Paul Boothe
Deputy Minister of Finance
October 27, 2000

Introduction

The Department of Finance has a unique role to play in the affairs of the Province of Saskatchewan. As a central agency, Finance is responsible for advising the Government on financial implications associated with its policy decisions. The Department manages and controls the finances of the Province to ensure appropriate use of public funds. It maintains a close working relationship with the federal government, other provincial governments and other government bodies within the Province to effectively address financial issues of mutual concern.

The Department of Finance is responsible for receiving and disbursing the majority of revenues for the Government of Saskatchewan. These include revenues from taxation; transfers from Government entities, such as Crown Investments Corporation of Saskatchewan; and transfers from the federal government. Revenues are disbursed through Finance to Government departments to fund public services such as health care, education and road maintenance. To ensure an increasing level of government-wide accountability, Finance is responsible for leading, developing and implementing the Government's new Accountability Project.

These roles and responsibilities constitute the "behind the scenes" work of the Department. Finance also provides services directly to the public through delivery of the Saskatchewan Savings Bonds program; administration of provincial pension plans and employee benefit plans; administration of provincial tax programs, including the PST; and communication initiatives to keep the public informed on Finance-related issues.

Finance employs 421 people trained in fields ranging from economics and accounting to information technology, human resources, public policy, commerce and many other skilled and professional fields. Although the Department is organized in a traditional manner, the functions it performs require that staff work together across division lines to achieve its goals.

This Annual Report highlights activities and operations for 1999-2000 and provides information about the Department's mandate, the environment in which it operates and the manner in which it supports the overall goals and directions of the Province of Saskatchewan.

Our Vision

The Department of Finance is guided by a long-term vision of ensuring the highest standards of accountability and service, and providing exemplary leadership for a financially sound and secure province, thereby strengthening economic prosperity and supporting social well-being for all.

Our Values

Finance is committed to providing a working environment that is guided by the following core values:

- integrity;
- professionalism;
- fairness;
- fiscal responsibility; and,
- innovation.

Our Mandate

The mandate of the Department of Finance is to assist the Minister of Finance in carrying out his/her duties and functions on behalf of the Government of Saskatchewan. As such, the Department manages the operations of Treasury Board, manages and controls the finances of the Province, develops economic and fiscal policy and supports the Government's efforts to remain accountable to the Legislature and the public for public funds.

Core Business Areas

The Department provides the Minister of Finance, Treasury Board, Cabinet and Government with information, analysis, advice and services in seven core business areas.

1. Revenue, Expenditure, Fiscal and Economic Policy

Finance supports effective Government decision making by providing up-to-date information, policy analysis and advice to the Minister of Finance, Treasury Board, Cabinet and Government departments. This includes financial and policy advice on budget decisions, updates on the Province's revenue and expenditure position, as well as information on general economic and social issues. Finance establishes and co-ordinates the budget development process to enable Treasury Board and Cabinet to make effective resource allocation decisions.

The Department is also responsible for working with the federal government on programs such as Equalization, the Canada Health and Social Transfer and fiscal arrangements concerning First Nations in Saskatchewan.

2. Comptrollership/ Financial Management

Finance assists the Legislature and the Government in controlling and accounting for the receipt and disposition of public money. Through the office of the Provincial Comptroller, the Department develops and maintains the government-wide revenue and expenditure systems and ensures that effective financial management and accounting procedures are in place. It also prepares and publishes financial accountability reports, including the Public Accounts.

The Public Accounts report on the Government's revenues, expenditures and debt position at the end of the fiscal year. The Department's internal audit function helps ensure that departments maintain appropriate financial and management controls and are properly accounting for their revenues and expenditures as authorized through government policy and legislation.

3. Revenue Operations

Finance administers several provincial government tax and tax rebate programs. This work involves identifying tax liabilities, collecting revenue, conducting audits, issuing tax refunds and providing information related to tax and rebate programs.

4. Treasury and Debt Management

Finance borrows to meet the funding requirements of the Government, including Crown corporations and other government agencies. It manages the provincial debt and the cash position of the General Revenue Fund. It also provides an investment management service for various funds administered by the Government, Crown corporations and other agencies.

5. Government Planning and Reporting

Finance co-ordinates the development and implementation of enhanced planning, budgeting, performance measurement and reporting practices across government. In 1999-2000, Finance established the Accountability Project Group, which leads the Government-wide initiative to improve overall planning, performance measurement and reporting.

6. Corporate Services

Finance provides direction, guidance and support for internal operations and client agencies. This work includes executive management and the management of communications, human resources, financial services, procurement, information technology, security and facilities.

7. Pension and Benefits Adminstration

The Public Employees Benefits Agency (PEBA) administers public pension and employee benefit plans. PEBA is hired by the governing boards of directors to provide daily administration services for the plan. This includes ensuring that adequate funds are in place for all plans and that the plans comply with legislation, researching and amending the plans through legislation to meet member and employer needs, investment/ asset management, financial services, and communication with plan members.

An annual report is prepared and tabled for each of the pension plans under PEBA's administration, and for the majority of benefit plans.

Department of Finance Goals 1999-2000

Maintain and Enhance the Fiscal Stability of the Province

Promote Prosperity, Economic Growth and Social Responsibility

Maintain and Enhance Accountability

Improve Client Services

Strengthen the Department's People and Organization

Year in Review

The 1999-2000 fiscal year was challenging and exciting for the Department of Finance. A new Deputy Minister was appointed and the Department was given a mandate that included two important initiatives: reviewing and reforming Saskatchewan's personal tax structure, and implementing the recommendations of the system-wide accountability review.

To facilitate the first objective, Finance supported a comprehensive, independent review of Saskatchewan's personal tax system. The Personal Income Tax Review Committee presented its Final Report and Recommendations to the Minister of Finance in November, 1999. The Minister then set aside a period of time for the public to respond to the recommendations contained in the Report. At the same time, the Department of Finance provided analysis of, and options for, implementing the recommendations. The Government's decisions on tax reform were presented in the 2000-2001 Budget. A synopsis of the Tax Reform Plan begins on page 11 of this Annual Report.

A new Accountability Project Group was established in the Department to advance the issue of Government accountability. The Accountability Group worked closely with other departments and central agencies to develop a pilot project for 1999-2000, and provided leadership to departments participating in the project. Details of this initiative begin on page 13.

Stronger economic growth during the year resulted in a dramatic improvement in Saskatchewan's financial position. This made it possible for the Government to forgo its planned $486 million dividend from the Saskatchewan Liquor and Gaming Authority (SLGA), attend to a number of unbudgeted expenditure requirements and end the fiscal year with a surplus of $83 million.

The following section discusses selected accomplishments and undertakings of the Department, based on the five goals identified for 1999-2000.

Goal: Maintain and Enhance the Fiscal Stability of the Province

Develop, Implement and Monitor the Government's Financial Plan

The Department of Finance helps maintain and enhance the fiscal stability of the Province by developing, implementing and monitoring the Government's financial plan.

The 1999-2000 Budget set out a plan to:

- balance the Budget in 1999-2000;
- further reduce the Province's debt in absolute terms and as a percentage of Gross Domestic Product (GDP);
- increase investments in health, education and other public services; and,
- review the provincial income tax system.

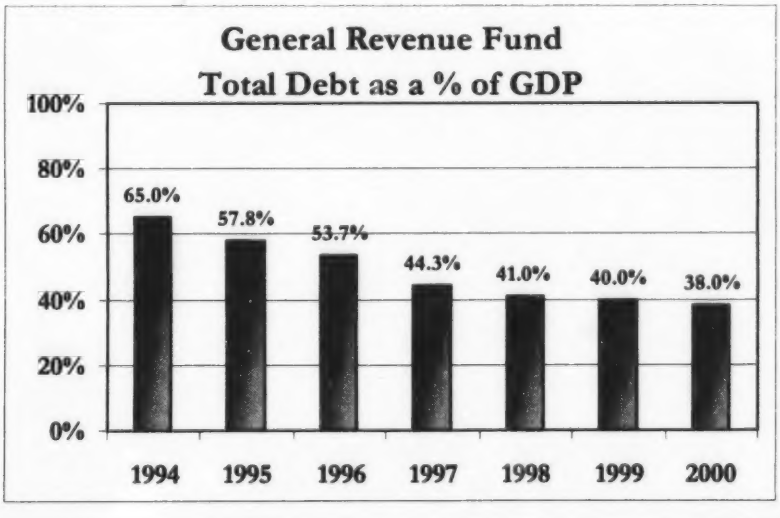
By the end of the fiscal year, these goals were met.

Debt Management

The Department of Finance borrows for general government purposes and for the purposes of Crown corporations. Since the budget was balanced in 1994-1995, Government borrowing has been largely used to re-finance existing debt.

The Department of Finance is committed to protecting the fiscal position of the Province while seeking the lowest overall cost of borrowing. Total debt of the General Revenue Fund was $11.2 billion at March 31, 2000, down $3.7 billion from its peak of $14.9 billion at March 31, 1994. Looked at from another perspective, debt has declined from 65% of GDP to 38% of GDP.

In recognition of the Province's continued achievements in improving its financial position, Moody's Investors Service, a leading international credit rating agency, revised its outlook on the Province's A2 credit rating from neutral to positive.



This represents progress toward a potential credit rating upgrade from Moody's in the future.

The Canadian Bond Rating Service (CBRS), one of the two leading Canadian credit rating agencies, upgraded the Province's rating from A to A+ in 1999.

Between 1995 and 1999, the Province received a total of six credit rating upgrades from the five agencies which rate the Province's creditworthiness.

Most of the Province's debt is held in Canadian currency. However, the Department will, on a case by case basis, consider cost-effective opportunities to issue debentures in foreign currencies. The Department continuously monitors the markets for cost-effective opportunities to reduce or eliminate foreign exchange risk on existing US dollar liabilities.

Treasury Management

The Department of Finance manages the Province's cash position, ensuring cost-effective financing to help the Government meet its program objectives. General government borrowing and Crown corporation borrowing in 1999-2000 were strictly to refinance maturing debt.

The Province fulfilled its 1999-2000 borrowing requirements of $1,435.5 million: $1,346.2 million for general government purposes and $89.3 million for Crown corporations.

Saskatchewan Savings Bonds (SSB) are issued each year to provide Saskatchewan residents an opportunity to invest in their Province. Of the $1,435.5 million financing program, $549.2 million was raised through the SSB program. The remaining $886.3 million was borrowed in capital markets. The first preference is to borrow medium- and long-term funds, to spread maturing debt over a number of years.

By diversifying the sources of capital, the Department of Finance maintains flexibility to manage the cash and borrowing needs of the Province. Such flexibility ensures access to cost-effective funds in all major world markets. This is essential given the highly volatile nature of capital markets and demands for capital from other issuers in Canada.

Fiscal Stabilization Fund

In 1999-2000, the Department led the development of a new Fiscal Stabilization Fund (FSF) to protect the Province from year-to-year fluctuations in revenue. Details of the Fund were announced in the 2000-2001 Budget. The target level for the FSF is set at five per cent of the previous year's revenues. The establishment of the FSF allows the Government to wind down the Saskatchewan Liquor and Gaming Association (SLGA) reserve fund, which has traditionally served as a stabilizer of the Province's finances. The FSF will be guided by stringent accountability guidelines.

Prior to the establishment of the new Fund, SLGA profits were held as retained earnings from year to year. Beginning in 2000-2001, SLGA profits will be paid into general revenues.

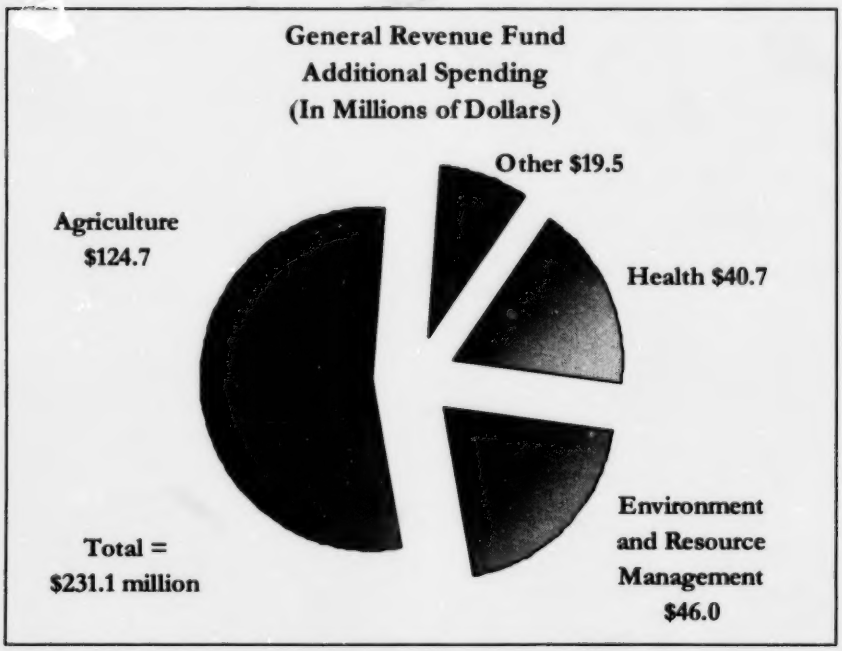
Special Financial Management Issues, 1999-2000

The year began with some financial constraints due to low world prices for oil, one of Saskatchewan's major commodities. However, oil prices rebounded over the course of the year, providing revenues well above the Budget and Mid-Year Financial Report forecasts. In addition, a strong Canadian economy raised Saskatchewan's entitlement from the federal Equalization program.

The Government used the additional revenues to meet a number of unanticipated financial challenges. These included:

- monies to support farm incomes which were suffering from low grain prices and higher transportation costs;
- higher than normal fire fighting costs due to more intense and a higher number of forest fires; and,
- higher than anticipated health care expenditures.

Increased non-renewable resource and Equalization revenues allowed the Government to cover the costs without drawing down the SLGA retained earnings as originally planned in the Budget. The Government ended the fiscal year with a surplus of $83 million.



Goal: Promote Prosperity, Economic Growth and Social Responsibility

Strategic Advice and Planning

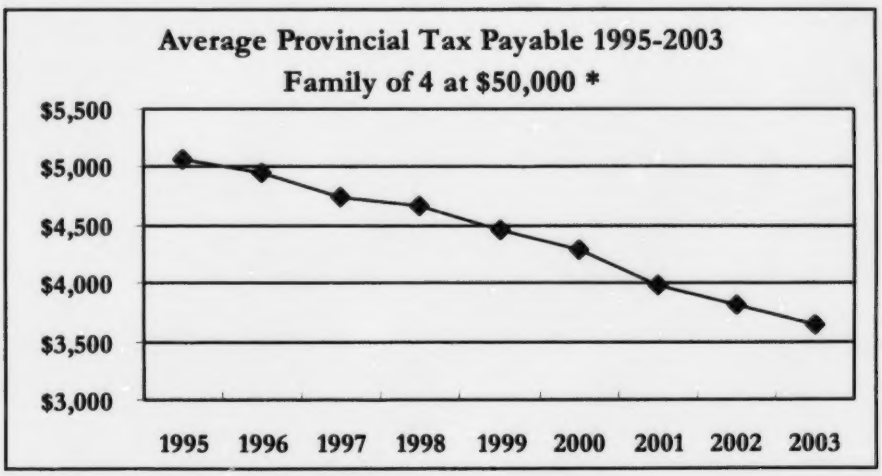
The Department of Finance contributes to the Government's fiscal and economic development strategy and success by monitoring, forecasting and reporting on the economy and by providing sensitivity analysis and public policy alternatives.

In 1999-2000, the Department continued to provide regular economic and fiscal updates and analysis to Treasury Board, Cabinet, departments and agencies. This work of the Department helped the Government ensure that its economic, fiscal and taxation policies contributed to its goals of greater prosperity and economic growth.

Taxation Policy

After reducing the Provincial Sales Tax from seven per cent to six per cent in its 1999-2000 Budget, the Government established the Saskatchewan Personal Income Tax Review Committee (PITRC) to review and recommend changes to Saskatchewan's personal tax structure.

The Committee presented its report to the Minister of Finance in November 1999 and the Minister immediately released it for public comment. After an extensive pre-Budget consultation period, the Minister of Finance announced the Government's personal tax reform strategy in the 2000-2001 Budget address. The chart below illustrates the Government's record on personal tax reduction and the trajectory to 2003.



*Note:

Figures for a typical family of two adults and two dependent children, with an annual family income of $50,000. The income of the family is assumed to be earned by both spouses, with one earning 60 per cent and the other earning 40 per cent of total family income. Provincial taxes include: provincial income taxes, tax credits, sales taxes and gasoline taxes.

The Department of Finance provided technical assistance to the PITRC during its deliberations and to Treasury Board and Cabinet during the Budget development process, working within the following principles established by the Government:

- Fairness to people in all income groups;
- Equity among families earning similar levels of income;
- Competitive taxation that attracts and retains skilled workers;
- Encouragement of individual productivity; and,
- Stability in revenue generation to finance important public programs.

The new Personal Income Tax system will be implemented beginning January 1, 2001 with full implementation to be completed as of January 1, 2003. Key elements of the tax reform plan are as follows.

- A progressive three-rate "tax on income" structure will replace the current "tax on tax" structure permitting the elimination of the flat tax, the debt reduction surtax and the high income surtax effective January 1, 2001.
- Higher personal tax credit amounts will focus support on the family. These credits will be in place January 1, 2001 and will gradually increase in value. When the new system is fully implemented in 2003, Saskatchewan residents will be eligible to claim a basic personal credit of $8,000; a spousal (or equivalent) tax credit of $8,000; a $2,500 per child tax credit; and a $1,000 senior's supplement to the age credit.
- Inflation protection will be provided once the new Personal Income Tax system is fully implemented through the indexation of the provincial income tax brackets and personal tax credits.
- The lowest provincial income tax rate will be applied to taxable capital gains on qualified farm property and small business shares exceeding the lifetime $500,000 capital gains deduction, effective January 1, 2001. By 2003, this rate will be 11 per cent.

To provide tax relief for the 2000 taxation year, the Government announced a reduction in the Flat Tax rate to one per cent (from two per cent), effective July 1, 2000.

In order to provide partial funding for these income tax cuts, the Government expanded the tax base of the Provincial Sales Tax to include items taxed elsewhere in Canada, such as repair services (excluding repairs to real property and exempt items), professional services, used goods and off-reserve purchases by status Indians. Adjustments to the Insurance Premiums Tax and the Tobacco Tax were also introduced.

The Government's commitment to fairness was demonstrated by the introduction of the Saskatchewan Sales Tax Credit (SSTC) that will serve to offset the impact of the sales tax base expansions for Saskatchewan families earning less than $35,000. The SSTC takes effect April 1, 2000.

The net tax savings to Saskatchewan people is estimated at $43.7 million in 2000-2001, growing to $260 million per year in 2003.

Goal: Maintain and Enhance Accountability and Public Management

Financial Management

The Department of Finance is committed to ongoing improvements in public accountability. In 1999-2000, the Department made improvements to its financial management practices and provided advice to other departments to improve their financial management practices. The Department also worked with other departments and agencies to review, evaluate and improve practices in a variety of public management issues, including organizational and program design and delivery mechanisms.

For the first time, the Public Accounts included all the District Health Boards in the Summary Financial Statements' reporting entity, improving overall disclosure and accountability.

The Summary Financial Statements received a clean audit opinion from the Provincial Auditor for the seventh consecutive year.

During 1999-2000, the Department assessed and approved financial statement formats for 94 Crown entities and funds. Each of these entities received a clean audit opinion from its auditor.

The Department of Finance establishes internal control standards for the acquisition, development and operation of computerized and manual financial systems. During 1999-2000, the Department provided advice on the design and implementation of 19 systems throughout Government.

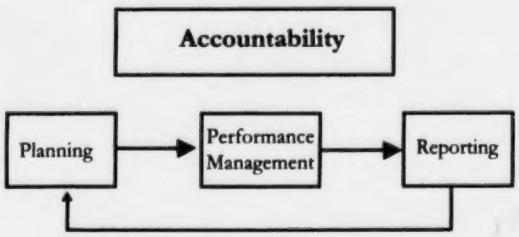
The Department assesses the risk of the Government's financial, administrative and information technology processes. To ensure that financial and management controls are appropriate, the Department performs internal audits on those processes where significant financial risk exists.

During 1999-2000, the Department assessed the financial risk of 73 expenditure and revenue processes. These processes comprised approximately 15 percent of total government revenue and expenditure transactions. Based on the risk assessment, the Department conducted 23 financial audits and examined the program performance management processes in six program areas where resources were transferred to third parties.

Planning, Performance Measurement and Reporting

In September 1999, the Performance Management and Accountability Review Team (PMART) reported on the planning, budgeting and accountability systems in Saskatchewan. It concluded that, while the current structure has many strengths, a number of improvements could be made in the area of strategic planning, performance management and reporting.

PMART developed a new Accountability Framework that incorporates these three key elements:



In November 1999, Cabinet approved the Accountability Framework. An Accountability Project Group was established in the Department of Finance to further develop the framework, and to oversee and support implementation across Government over a two-year period.

The Government announced its plan to enhance accountability through the development of departmental goals, objectives and performance targets in the December 1999 Speech from the Throne and the March 2000 Budget Address.

In 1999, seven departments, including Finance, participated in a pilot project to test the new strategic planning approach. Based on the experience gained by the Accountability Group during the pilot phase, and in consultation with departments, a comprehensive set of planning guidelines was developed in preparation for implementing the new framework across all executive government departments beginning in 2000-2001. The planning guidelines will assist departments in the development of their strategic plans and performance measures by defining key concepts, terms and expectations.

Goal: Improve Client Services

Tax Administration

Saskatchewan Finance provides "client services" to the taxpayers of Saskatchewan in a variety of ways, mainly through the Department's Revenue Division.

Saskatchewan people understand the importance of taxation as a major source of funding for the Government's programs. The Province's taxation systems are more efficient and less costly to administer due to the high levels of self-assessment and compliance shown by Saskatchewan residents. In this way, the people of Saskatchewan improve the overall effectiveness of the Province's taxation systems as a source of funding for government initiatives.

In 1999-2000 the Department:

- processed over 22,000 new business registration (generally issued within two working days), cancellations and account changes;
- processed 221,000 tax returns with turnaround times averaging 24-48 hours;
- prepared or revised approximately 50 different tax information bulletins for businesses effected by tax changes announced in the 2000-2001 Budget;
- conducted workshops with the Canada Customs and Revenue Agency to provide tax information to new entrepreneurs;
- received approximately 42,000 inquiries through its toll free inquiry line;
- contacted 2,900 new and existing businesses to assist them in understanding the various tax rebate programs and to explain reporting requirements.

Electronic Filing

In 1999-2000, Finance initiated a project to assess the feasibility of providing businesses with online access to their tax account information and a means of filing their Provincial tax returns and paying their taxes through the Internet. The following key system objectives were established:

- to include as many departmental tax programs as possible;
- to enable tax payments to be made by pre-authorized debits, arranged through Saskatchewan Finance, or through Internet Banking offered by financial institutions;
- to ensure security of bank account and tax account information; and,
- to develop a common "payment gateway" for all Provincial Government programs.

A Request for Proposal (RFP) was issued in conjunction with the Department of Economic and Co-operative Development and development of the Saskatchewan Electronic Tax System (SETS) began on March 1, 2000. After operating the system as a pilot, it will be made available to all businesses sometime in the 2001-2002 fiscal year.

Serving Saskatchewan Government Departments and Agencies

The Department of Finance provides information to other Government departments to assist them in fulfilling their respective mandates, policies and obligations.

In 1999-2000, the Department responded to over 6,000 requests from other departments for financial management information from the central financial systems. Departments use such data to improve their financial management decisions.

The central financial systems underwent changes and extensive testing in preparation for the year 2000. All systems were Y2K compliant by October 31, 1999.

Goal: Strengthen the Department's People and Organization

The Department is committed to attracting a high quality, diversified, professional staff to carry out its mandate. The increasingly competitive labour market and the high demand for specialized skills make managing human resource needs more challenging than ever.

The Department of Finance continues to develop and implement human resource plans, policies and practices to:

- encourage, recognize and reward achievements and work performance at all levels;
- expand Finance's recruitment sources and approaches;
- ensure positions are filled with qualified people in a timely manner;
- support a balance between work and family needs through job sharing, variable hours of work arrangements, and leaves of absence;
- achieve a diversified workforce;
- identify current and future skill requirements to provide for employee development and learning in their current positions and position them for future challenges and opportunities; and,
- support and further develop union-management relations.

In 1999-2000, the Department made progress towards several of these objectives:

- recruitment sources were expanded to include employment equity inventories, colleges and universities;
- recruitment advertisements were redesigned and were posted to the Finance web site;
- delegation of term classification and staffing resulted in significantly shorter turnaround time to fill vacancies; and,
- representative workforce goals were exceeded.

Future Challenges and Opportunities

The work of the Department of Finance is performed in front of a moving backdrop. Volatile financial markets, fluctuating commodity prices, continuing economic diversification and changing labour market dynamics are among the challenges and opportunities facing the Department in the years ahead. Responding to these issues effectively demands a continued focus on leadership and innovation.

As Saskatchewan's economy becomes more fully integrated with the global economy, one of the provincial Government's key challenges will be to ensure a competitive level of taxation. In its 2000-2001 Budget, the Government set out a plan to significantly reduce personal tax levels in Saskatchewan. Implementing this plan over the next three years will be one of Finance's major responsibilities.

Governments are expected to keep pace with changing standards of public accountability. Saskatchewan Finance is proud to take a leadership role in reforming the Government's internal planning and budgeting processes to create a more explicit link to broader, government-wide planning and accountability. Experience in other jurisdictions indicates that fundamental changes to accountability systems take many years to fully implement. The pilot projects led by the Department in 1999-2000 will serve as a basis for further improvements to departmental, inter-departmental and government-wide strategic planning, performance measurement and reporting practices in the years ahead.

In 2000-2001, the Department will work with the federal government and other provinces to improve federal-provincial fiscal transfers, including the Canada Health and Social Transfer and the Equalization program.

The Province's debt, while declining, will continue to be an issue in the foreseeable future. The Department will work towards continued reduction of the Government's interest obligations and increased fiscal flexibility. Ongoing attention to sound financial management and debt reduction will ensure continued improvement in the Province's credit rating and the associated benefit of increased investor confidence.

As it works to update its plans for the coming year, the Department of Finance will also pursue a number of organizational changes and improvements for 2000 and beyond. For example, through its Revenue Division, the Department will work towards full implementation of the electronic tax return filing system initiated in 1999-2000. The Department will conduct a review of the central financial systems to incorporate new technology that will support the government's financial needs and improve access to government information and services. It will also examine what changes are needed to support greater reliance on, and use of, the information technology systems of the future. Finally, the Department will strengthen its communication efforts to ensure Saskatchewan people have access to the best possible information about the Department, and its role in supporting the direction and goals of their Government.

Appendix A: Organizational Chart

SASKATCHEWAN FINANCE
Deputy Minister
Revenue Operations
Revenue Division
Revenue & Tax Collection & Enforcement
Pension & Benefit Administration
Public Employees Benefits Agency
Pension and Benefit Administration
Corporate Services
Corporate Services Division
Human Resources Branch
Communications Branch
Accounting, Systems Support, Purchasing and Admistrative Support
Comptrollership, Financial Management & Reporting
Provincial Comptroller's Division
Public Accounts, Appropriation Control, Financial Systems, Finance and Accounting Policy, Government-wide Financial Reporting
Treasury & Debt Management
Treasury & Debt Management Division
Debt Management, Investments and Cash Management
Revenue, Expenditure, Fiscal & Economic Policy
Treasury Board Branch
Tax & Intergovernmental Branch
Economic & Fiscal Policy Branch
Government Budget Formulation, Revenue Policy, Fed-Prov. Fiscal Agreements, Economic and Fiscal Forecasting, Provincial Statistics and Interdepartmental Consulting Projects.
Government Planning & Reporting
Accountability Project Group
Government-wide Planning and Reporting

M121

IMPORTANT NOTE CONCERNING THE FOLLOWING PAGES

THE PAGES WHICH FOLLOW HAVE BEEN FILMED TWICE IN ORDER TO OBTAIN THE BEST REPRODUCTIVE QUALITY

USERS SHOULD CONSULT ALL THE PAGES REPRODUCED ON THE FICHE IN ORDER TO OBTAIN A COMPLETE READING OF THE TEXT.

REMARQUE IMPORTANTE CONCERNANT LES PAGES QUI SUIVENT

LES PAGES SUIVANTES ONT ÉTÉ REPRODUITES EN DOUBLE AFIN D'AMÉLIORER LA QUALITÉ DE REPRODUCTION

LES UTILISATEURS DOIVENT CONSULTER TOUTES LES PAGES REPRODUITES SUR LA FICHE AFIN D'OBTENIR LA LECTURE DU TEXTE INTÉGRAL

micromedia

a division of IHS Canada

20 Victoria Street
Toronto, Ontario M5C 2N8
Tel.: (416) 362-5211
Toll Free: 1-800-387-2689
Fax: (416) 362-6161
Email: info@micromedia.on.ca

Appendix B: Financial Schedules

Summary of Expenditures for the Department of Finance

The following expenditures for the Department of Finance are summarized by the Department's Core Business Areas:

	(thousands of dollars)			
	1998-99 Actual	**1999-2000 Budget**	**1999-2000 Actual**	**1999-2000 Variance**
Revenue, Expenditure, Fiscal and Economic Policy				
Operations	$3,866	$3,886	$4,065	$179
Comptrollership/Financial Management				
Operations	4,141	4,821	4,548	(273)
Revenue Operations				
Operations	7,681	8,348	8,265	(83)
Allowance for Doubful Accounts	1,700	1,900	1,600	(300)
Other	94	-	-	-
Treasury and Debt Management				
Operations	1,926	2,186	2,073	(113)
Other	-	25	-	(25)
Government Planning and Reporting				
Operations	-	-	174	174
Corporate Services				
Operations	2,924	2,268	2,478	210
Accommodation and General Services	1,790	1,913	2,016	103
Other	174	70	88	18
Pension and Benefit Administration				
Operations	715	924	1,020	96
Pensions and Benefits*	155,195	163,848	159,812	(4,036)
Total Department Expenditures	**$180,206**	**$190,189**	**$186,139**	**$(4,050)**

***These expenditures represent the employer paid portion of government pension and benefit programs and are paid by the Department of Finance on behalf of all executive government departments and agencies.**

Appendix B: Financial Schedules

Summary of Expenditures for the Department of Finance

The following expenditures for the Department of Finance are summarized by the Department's Core Business Areas:

(thousands of dollars)

	1998-99 Actual	1999-2000 Budget	1999-2000 Actual	1999-2000 Variance
Revenue, Expenditure, Fiscal and Economic Policy				
Operations	$3,866	$3,886	$4,065	$179
Comptrollership/Financial Management				
Operations	4,141	4,821	4,548	(273)
Revenue Operations				
Operations	7,681	8,348	8,265	(83)
Allowance for Doubtful Accounts	1,700	1,900	1,600	(300)
Other	94	-	-	-
Treasury and Debt Management				
Operations	1,926	2,186	2,073	(113)
Other	-	25	-	25
Government Planning and Reporting				
Operations	-	-	174	174
Corporate Services				
Operations	2,924	2,268	2,478	210
Accommodation and General Services	1,790	1,913	2,016	103
Other	174	70	88	18
Pension and Benefit Administration				
Operations	715	924	1,020	96
Pensions and Benefits*	155,195	163,848	159,812	(4,036)
Total Department Expenditures	**$180,206**	**$190,189**	**$186,139**	**$(4,050)**

***These expenditures represent the employer paid portion of government pension and benefit programs and are paid by the Department of Finance on behalf of all executive government departments and agencies.**

Servicing the Public Debt -- Government Share

(thousands of dollars)

	1998-1999 Actual	1999-2000 Budget	1999-2000 Actual	1999-2000 Variance
Servicing the Public Debt - Government Share				
Interest on Public Debt	$727,303	$704,823	$682,927	$(21,896)
Foreign Currency Adjustment	9,173	9,527	5,973	(3,554)
Fees and Commissions	8,248	9,650	7,189	(2,461)
Total Servicing the Public Debt - Government Share	**$744,724**	**$724,000**	**$696,089**	**$(27,911)**

Summary of Revenue for the Department of Finance

The Minister of Finance is responsible for the following revenues which are summarized by revenue category:

	(thousands of dollars)			
	1998-99 Actual	**1999-2000 Budget**	**1999-2000 Actual**	**1999-2000 Variance**
Taxes				
Corporation Capital	$ 232,618	$ 227,000	$ 293,351	$ 66,351
Corporation Income	200,079	193,200	277,226	84,026
Fuel	354,597	370,000	369,010	(990)
Individual Income	1,448,043	1,361,000	1,446,169	85,169
Sales	742,846	669,500	660,314	(9,186)
Tobacco	122,681	125,800	123,866	(1,934)
Other	45,124	42,500	44,902	2,402
Total Taxes	**$3,145,988**	**$2,989,000**	**$3,214,838**	**$225,838**
Transfers from Government Entities				
Crown Investments				
Corporation of Saskatchewan	$ 100,000	$ 125,000	$ 125,000	$ -
Special Dividend	100,000	-	-	-
Liquor and Gaming Authority	330,000	485,700	-	(485,700)
Other enterprises and funds	15,451	20,878	19,817	(1,061)
Total Transfers from Government Entities	**$545,451**	**$631,578**	**$144,817**	**$(486,761)**
Other Own-source Revenue				
Interest, premium, discount and exchange	$ 34,122	$ 31,680	$ 33,393	$ 1,713
Motor Vehicle fees	108,075	104,800	113,299	8,499
Other licenses and permits	86	66	85	19
Sales, services and service fees	821	1,089	610	(479)
Other	8,224	9,246	7,508	(1,738)
Total Other Own-source Revenue	**$151,328**	**$146,881**	**$154,895**	**$8,014**
Transfers from the Federal Government				
Canada Health and Social Transfer	$ 427,748	$ 510,700	$ 556,282	$ 45,582
Equalization	441,944	479,700	541,598	61,898
Other	11,801	3,006	2,082	(924)
Total Transfers from the Federal Government	**$881,493**	**$993,406**	**$1,099,962**	**$106,556**
Total Department of Finance	**$4,724,260**	**$4,760,865**	**$4,614,512**	**$(146,353)**

Summary of Revenue for the Department of Finance

The Minister of Finance is responsible for the following revenues which are summarized by revenue category:

(thousands of dollars)

	1998-99 Actual	1999-2000 Budget	1999-2000 Actual	1999-2000 Variance
Taxes				
Corporation Capital	$ 232,618	$ 227,000	$ 293,351	$ 66,351
Corporation Income	200,079	193,200	277,226	84,026
Fuel	354,597	370,000	369,010	(990)
Individual Income	1,448,043	1,361,000	1,446,169	85,169
Sales	742,846	669,500	660,314	(9,186)
Tobacco	122,681	125,800	123,866	(1,934)
Other	45,124	42,500	44,902	2,402
Total Taxes	**$3,145,988**	**$2,989,000**	**$3,214,838**	**$225,838**
Transfers from Government Entities				
Crown Investments				
Corporation of Saskatchewan	$ 100,000	$ 125,000	$ 125,000	$ -
Special Dividend	100,000	-	-	-
Liquor and Gaming Authority	330,000	485,700	-	(485,700)
Other enterprises and funds	15,451	20,878	19,817	(1,061)
Total Transfers from Government Entities	**$545,451**	**$631,578**	**$144,817**	**$(486,761)**
Other Own-source Revenue				
Interest, premium, discount and exchange	$ 34,122	$ 31,680	$ 33,393	$ 1,713
Motor Vehicle fees	108,075	104,800	113,299	8,499
Other licenses and permits	86	66	85	19
Sales, services and service fees	821	1,089	610	(479)
Other	8,224	9,246	7,508	(1,738)
Total Other Own-source Revenue	**$151,328**	**$146,881**	**$154,895**	**$8,014**
Transfers from the Federal Government				
Canada Health and Social Transfer	$ 427,748	$ 510,700	$ 556,282	$ 45,582
Equalization	441,944	479,700	541,598	61,898
Other	11,801	3,006	2,082	(924)
Total Transfers from the Federal Government	**$881,493**	**$993,406**	**$1,099,962**	**$106,556**
Total Department of Finance	**$4,724,260**	**$4,760,865**	**$4,614,512**	**$(146,353)**

Appendix C: Public Employees Benefits Agency

The Public Employees Benefits Agency (PEBA) provides central administration to public pension and benefit plans. PEBA's operating costs are charged back to each of the plans under its administration as an administrative cost. These costs are reported annually in the Public Employees Benefits Agency Revolving Fund Annual Report.

During the 1999-2000 fiscal year, PEBA established the Additional Pension Contribution Program. This new program facilitates the payment and transfer of pension contributions by Executive Government, as an employer, to the Public Employees Pension Plan on behalf of eligible employees.

A major issue facing pension boards in the immediate future is plan governance. Each pension board is undertaking the task of addressing the role of all parties in the administration of the pension plan, the responsibilities of these parties and stakeholders, how the operations of the plan are managed, and what information needs to be communicated to plan members and by whom. All facets of administering a pension plan are being considered, including legislative compliance, plan funding, investments/asset management, benefits administration, and communication. Good governance practices are essential to effectively manage risk in all types and sizes of pension plans and to ensure protection for plan beneficiaries.

The Public Employees Benefits Agency administers the following pension and benefit plans.

Pension Plans

Anti-TB League Superannuation Plan

Judges of the Provincial Court Superannuation Plan

Liquor Board Superannuation Plan

The Members of the Legislative Assembly Superannuation Plan

Municipal Employees' Pension Plan

Public Service Superannuation Plan

Public Employees Pension Plan

Saskatchewan Transportation Company Superannuation Plan

Workers' Compensation Board Superannuation Plan

Benefit Plans

Deferred Salary Leave Plan

Extended Health Care Plan for Certain Other Employees

Extended Health Care Plan

Scheduled Aircraft Insurance Plan

Unscheduled Aircraft Insurance Plan

Public Employees Dental Plan

Public Employees Disability Income Plan

Public Employees Group Life Insurance Plan

Pension Contribution Program

Appendix D: Publication List

Annual Report

Budget Address

Budget Estimates

Public Accounts - Volume I and II

Mid-Year Financial Report

Economic Review

Supplementary Estimates

Financial Statements - Compendium

These publications and others are available at the Department of Finance's web site at:

www.gov.sk.ca/finance

Publications on programs administered by the Public Employees Benefits Agency are available at:

www.peba.gov.sk.ca

Appendix E: Legislation

The Minister of Finance is responsible for the following Acts of the Legislative Assembly.

Appropriation Acts

Balanced Budget Act

Certified General Accountants Act, 1994

Certified Management Accountants Act

Certified Management Consultants Act

Chartered Accountants Act, 1986

Corporation Capital Tax Act

Crown Foundations Act

Crown Foundations for District Health Boards Act

Estate Tax Rebate Act, 1969

Estate Tax Rebates Reciprocal Arrangements Act, 1970

Federal-Provincial Agreements Act

Financial Administration Act, 1993

Fiscal Stabilization Fund Act

Fuel Tax Act, 2000

Home Energy Loan Act

Income Tax Act

Insurance Premiums Tax Act

Liquor Consumption Tax Act

Members of the Legislative Assembly Superannuation Act, 1979

Motor Vehicle Insurance Premiums Tax Act

Municipal Employees' Pension Act

Municipal Financing Corporation Act

Provincial Auditor Act

Provincial Sales Tax Act

Public Employees Pension Plan Act

Public Service Superannuation Act

Revenue and Financial Services Act

Saskatchewan Development Fund Act

Saskatchewan Pension Annuity Fund Act

Saskatchewan Pension Plan Act

Statistics Act

Superannuation (Supplementary Provisions) Act

Tobacco Tax Act, 1998

The Department also has responsibilities under the following legislation.

Fire Prevention Act, 1992

Liquor Board Superannuation Act

Provincial Court Act

Vehicle Administration Act

Workers' Compensation Board Superannuation Act

Appendix F: Treasury Board, the Budget Process and Public Accounts

Treasury Board

Key decisions about the Province's finances, including the development of the annual Budget, are the responsibility of Treasury Board, a committee of Cabinet Ministers. The powers and duties of Treasury Board are contained in sections 4 and 5 of *The Financial Administration Act, 1993*. The Minister of Finance is the Chair of Treasury Board and the Deputy Minister of Finance is the Board's Secretary. Department of Finance staff act as a resource to Treasury Board in the performance of its duties.

Treasury Board makes decisions concerning the raising and allocating of funds for departments and programs, fiscal policy and administrative management of the Province. The Department of Finance informs government departments and agencies of those decisions and monitors their implementation.

The Department of Finance assists and supports Treasury Board in fulfilling its duties, which include:

- managing the Government's revenues, expenditures, assets and liabilities;
- evaluating Government programs and services;
- establishing and overseeing Government administrative policy and management practices and systems;
- developing and monitoring Government accounting policies and practices;
- reviewing and making recommendations on the organization of all or any part of Government;
- providing Cabinet with policy recommendations to address Government programming and fiscal issues; and,
- reviewing budget proposals and overseeing the development of the Government's annual budget.

The Budget Process

One of the primary responsibilities of the Department of Finance is to assist Treasury Board in developing and managing the annual Budget. Presented each year in the Legislative Assembly by the Minister of Finance, the Budget sets forth in detail how public funds will be allocated among all government programs and services in the coming fiscal year. It also establishes future directions for government programs and appropriate levels of taxation to maintain those programs.

Each year, Cabinet meets early in the Fall to develop Budget guidelines based on overall public priorities as determined by the Government. These guidelines are conveyed to departments to guide them when preparing their budget requests. Treasury Board, with the support and advice of the Department of Finance, assesses the requests, evaluates competing priorities, and recommends a budget package to Cabinet.

Through the budget process, the Government builds an overall financial plan intended to reflect public priorities. Responsibility for developing, implementing and managing the budgets of individual departments rests with their respective Ministers and senior managers.

The role of Finance is to provide Treasury Board and Cabinet with the information needed to make choices and formulate policies that will best reflect the priorities of Saskatchewan people.

Once Cabinet has finalized the budget package, the Department produces the *Budget Address*, annual *Estimates* and supporting materials and arranges for the dissemination of budget information to key stakeholders and the public.

In November, the Department of Finance releases the annual *Mid-Year Financial Report*. The *Mid-Year Financial Report* updates revenue, expenditure and debt forecasts based on economic changes and other developments that have occurred to the mid-point of the fiscal year. After the end of the fiscal year, the Department prepares the *Public Accounts*, which summarize the results of Government operations for the fiscal year and provide a comparison of actual results to *Budget Estimates*.

The Public Accounts Committee

The Department of Finance prepares the annual *Public Accounts* for the Minister of Finance to table in the Legislative Assembly. The Legislative Assembly establishes a Standing Committee on Public Accounts at the beginning of each Legislative sitting to review the Government's expenditures through analysis of the Public Accounts and the Provincial Auditor's report. The Committee plays a key role in maintaining Government accountability.

The Committee is assisted in its deliberations by the attendance of the Provincial Comptroller, the Provincial Auditor and department officials, each of whom provides information and answers questions from Members.

The Committee summarizes its recommendations in periodic reports to the Legislative Assembly. The Department of Finance assists the Government in preparing a formal response describing the actions taken as a result of the Committee's recommendations. The financial accountability cycle is completed when the Committee reviews the Government's response and actions.

Appendix G: Glossary of Terms

The following terms are generally used in Department of Finance documents.

Appropriation

An amount of funding that the Legislature has authorized for a particular purpose.

Credit Rating

An evaluation of the ability and willingness of a borrower to service and repay debt in a timely manner. Credit ratings are a key factor in determining the cost and availability of credit to a borrower. Borrowers with lower credit ratings pay more to lenders or investors than those with a higher rating. Many investors, such as pension funds, have guidelines restricting their lending to only those borrowers with above a minimum standard (level) credit rating.

Debt Servicing Costs

Costs associated with servicing the debt of the General Revenue Fund (GRF). The costs include interest, foreign exchange gains and losses, discounts, fees and commissions. Costs incurred for financing Crown corporations' debt are reimbursed by the Crown corporations.

Department

An organizational unit of Executive Government created for the purpose of managing related programs.

Estimates

Documents tabled outlining the Government's detailed financial plan for the year which form the basis for the requested appropriations. Estimates are tabled every year with the Budget Address.

Expenditure

The cost of operating government identified with a particular fiscal year or time period. Expenditures include the cost of government operated programs, interest on the public debt, transfer payments and capital acquisitions.

Financial System

Any system, manual or computerized, used to report or process transactions or data related to revenues, expenditures, assets or liabilities.

Fiscal Year

The period commencing on April 1 in one calendar year and ending on March 31 in the following calendar year.

General Revenue Fund (GRF)

The fund into which all revenues are paid, unless otherwise provided for by Legislation, and from which all expenditures are appropriated by the Legislative Assembly.

General Revenue Fund Financial Statements

The financial statements which report on the financial resources and activities of the General Revenue Fund.

Gross Debt

The gross debt of the Province consists of money owed directly to lenders through the sale of short-term promissory notes and medium- and long-term debentures in the capital markets, as well as the amount owed to holders of Saskatchewan Savings Bonds.

Guaranteed Debt

The debt of Crown corporations and others that the Province has promised to repay if the debt issuer is unable to do so.

Public Accounts

The *Public Accounts* of the Government of Saskatchewan are organized into two reports. Volume 1 contains the General Revenue Fund Financial Statements and the Summary Financial Statements. These are the main financial statements of the Government of Saskatchewan. Volume 2 contains details on revenue and expenditure of the General Revenue Fund, financial information on the superannuation and trust funds administered by the Government, and a listing of remissions of taxes and fees.

Revenue

The gross proceeds applicable to a fiscal year from taxes, licenses, transfer payments and sources other than borrowing.

Revolving Funds

Funds established by statute which are used to isolate certain items of related revenue and expenditure. Revolving funds are net budgeted in the Estimates, and are used for specific government operations that recover all or a portion of the associated costs from the funds' users.

Sinking Funds

Funds set aside to provide for the orderly retirement of a portion of the Province's debt. Each year the Province makes payments into sinking funds associated with certain debt issues.

Summary Financial Statements

The financial statements that report on the consolidated financial resources and activities of all government organizations, including government boards, agencies, commissions, funds and Crown corporations.

Total Debt

The total debt of the General Revenue Fund consists of:

- gross debt - the amount of money owed to lenders, plus
- guaranteed debt - the debt of Crown corporations and others that the Province has promised to repay if they are unable to do so; less
- sinking funds - the amount of money which has been set aside for the repayment of debt.

Transfers

Transfers of money from the Government of Saskatchewan to an individual, organization, authority or other government for which no goods or services are directly received by Government and no repayment is expected in the future. Terms such as "grants" and "entitlements" are often used for transfers.

Transfers to Individuals

Direct or indirect transfers of money for which no public service is required of the recipient. These transfers provide the recipient with a financial benefit and are usually in the nature of income support, subsidy or compensation payment. These transfers may include public goods and services that are income tested.

Transfers for Public Service

Transfers to individuals, organizations, Crown corporations and local authorities (for example: school boards, district health boards and municipalities) to fund public services such as health care and education. Transfers to government organizations and corporations, which in turn provide a direct transfer or subsidy to their clients, are treated as a transfer to an individual.

Contact Information

Saskatchewan Finance
2350 Albert Street
REGINA, SK.
S4P 4A6
Phone: (306)787-6768
Fax: (306)787-6544
http://www.gov.sk.ca/finance/

Public Employees Benefits Agency
Canada Trust Tower
10th Floor
1801 Hamilton Street
REGINA, SK
S4P 4B4
Phone: (306) 787-2992
Fax: (306) 787-0244
http://www.peba.gov.sk.ca/

General Consumption Tax Inquiries
Toll Free:
1-800-667-6102
Regina area:
(306) 787-6645

Regional Tax Audit Offices:

Regina Regional Tax Audit Office
2350 Albert Street
REGINA, SK
S4P 4A6
Phone: (306)787-6719 Fax: (306) 787-0241

Saskatoon Regional Tax Audit Office
10th Floor, Sturdy Stone Building
122 3rd Avenue North
SASKATOON, SK
S7K 2H6
Phone: (306) 933-8322 Fax: (306) 933-8334

Prince Albert Regional Tax Audit Office
P.O. Box 3003
800 Central Avenue
PRINCE ALBERT, SK
S6V 6G1
Phone: (306) 953-2208 Fax: (306) 953-2698

Yorkton Regional Tax Audit Office
2nd Floor, Kuziak Building
72 Smith Street East
YORKTON, SK
S3N 2Y4
Phone: (306) 786-5761 Fax: (306) 786-5762

Swift Current Regional Tax Audit Office
E.I. Wood Building
350 Cheadle Street West
SWIFT CURRENT, SK
S9H 4G3
Phone: (306) 778-8573 Fax: (306) 778-8282

North Battleford Regional Tax Audit Office
Rural Service Centre
509 Pioneer Avenue
North Battleford, SK
S9A 3Z5
Phone: (306) 445-6877 Fax: (306) 445-6876